

on a bipartisan basis saw that this was wrong and on a bipartisan basis agreed with this solution. That is why I am just so pleased that we are bringing these bills to the floor. JOHN LEWIS, SANDY LEVIN, PETER ROSKAM, and PAUL RYAN are arm in arm agreeing on this. We are standing up for citizens, we are standing up for taxpayers, we are putting the taxpayer in charge of the IRS, not the other way around, and we are standing up for our free speech rights for our civil society. That is why on this tax day, April 15, we are bringing these bills to the floor and passing these bills on a bipartisan, unanimous basis because this is the signal we want to send to Americans on tax day that we are not going to take this anymore, and we are going to reassert our rights.

With that, Mr. Speaker, I yield the balance of my time to the gentleman from Illinois (Mr. ROSKAM) for closing on his bill.

Mr. ROSKAM. Thank you, Chairman.

Mr. Speaker, I want to make one other point to echo something Chairman RYAN said as it relates to civil society, and it is an important thing to think about.

There is the Federal Government here, and there is the individual here. The only thing that sort of comes in between as a buffer—there are a couple of things. One is family. I think that is a very important buffer. The other buffer is civil society. It is a restraining influence, the capability of individual, family, and civil society to push back.

So we are on the floor today, and we have been interacting with JOHN LEWIS, our friend from Georgia, who has a reputation that is unbelievable, and it is an honor and a privilege to serve with him. Why? Because of the work that he did in the civil rights movement. It is an inspiration.

But can you imagine what it would have been like if a bureaucrat at the time had said, Well, I am just going to send one of these kind of letters to the donors of the NAACP or any of these organizations? Can you imagine what happens?

Here is my second point. A letter like this? What does it do? It has a chilling effect, doesn't it? All of a sudden you have donors who say, I don't know, I don't know. This is going to be a taxable event. Well, maybe I am not going to give. Or I am going to end up on some list, I don't know. Or I am going to find my name in the paper in this way, and I don't want my name in the paper. Whatever it happens to be. But the impact and the damage, Mr. Speaker, is the same. It has a chilling effect, doesn't it?

Here is the final point. The IRS backed off really fast on this once we asked about it. This wasn't a situation where they doubled down, they said, Oh, no, no, no, the statute that you all passed absolutely gives us this authority. They backed off, and they said, No, we are not going to do that anymore. That tells you something too, doesn't

it? It tells you that the ground upon which they thought they were operating was pretty soft ground.

So let me just conclude by saying this. Today, the nature of this debate, the intensity that you have heard from both sides of the aisle, the Members are reflecting not ourselves and just our world view, Mr. Speaker, but we are reflecting what we are hearing at home, and we are reflecting the desire of the American public who want to have confidence in these institutions. They want to know that the tax-collecting body of the United States that is the Internal Revenue Service is just going to collect the taxes and is not going to mess with them and is not going to put them through all kinds of paces and manipulate them and make their lives miserable and actually abuse power. That is all they want. Isn't that a very real expectation? It is not asking too much.

So my suspicion is that the debate today—and it is my hope that the other body will pick up these bills and move forward on them, recognize the bipartisan nature of them and recognize the timeliness and the ripeness of them. These need to be fixed. These problems need to be fixed now. There is an urgency to them. But this is not a false claim that this work is completed. In fact, this is going to be a work in process, because it is our responsibility to get an Internal Revenue Service that moves away from the disposition and the attitude of impunity—which is saturated up until now—back to where it should be. I think we can do it. I am confident with the bipartisan support in this House we can reflect back and say April 15 of this year, this was a good day.

Mr. LEWIS. Mr. Speaker, before I yield the balance of my time back, it has been an honor and a pleasure to work with the chairman, the chairman of the subcommittee, and all of the Members on the other side. We did come together in a bipartisan fashion.

In a real sense, we all live in the same house—the American house—and we must continue to look out for this house, not just this building, but the more than 300 million people in our country. That is the right thing to do. That is the fair thing to do. That is the just thing to do.

Mr. Speaker, I yield back the balance of my time.

Mr. RYAN of Wisconsin. Mr. Speaker, I can't top that, so I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. RYAN) that the House suspend the rules and pass the bill, H.R. 1104, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

□ 1515

## CONTRACTING AND TAX ACCOUNTABILITY ACT OF 2015

Mr. CHAFFETZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1562) to prohibit the awarding of a contract or grant in excess of the simplified acquisition threshold unless the prospective contractor or grantee certifies in writing to the agency awarding the contract or grant that the contractor or grantee has no seriously delinquent tax debts, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1562

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the “Contracting and Tax Accountability Act of 2015”.

### SEC. 2. GOVERNMENTAL POLICY.

It is the policy of the United States Government that no Government contracts or grants should be awarded to individuals or companies with seriously delinquent Federal tax debts.

### SEC. 3. DISCLOSURE AND EVALUATION OF CONTRACT OFFERS FROM DELINQUENT FEDERAL DEBTORS.

(a) IN GENERAL.—The head of any executive agency that issues an invitation for bids or a request for proposals for a contract in an amount greater than the simplified acquisition threshold shall require each person that submits a bid or proposal to submit with the bid or proposal a form—

(1) certifying that the person does not have a seriously delinquent tax debt; and

(2) authorizing the Secretary of the Treasury to disclose to the head of the agency information limited to describing whether the person has a seriously delinquent tax debt.

(b) IMPACT ON RESPONSIBILITY DETERMINATION.—The head of any executive agency, in evaluating any offer received in response to a solicitation issued by the agency for bids or proposals for a contract, shall consider a certification that the offeror has a seriously delinquent tax debt to be definitive proof that the offeror is not a responsible source as defined in section 113 of title 41, United States Code.

(c) DEBARMENT.—

(1) REQUIREMENT.—Except as provided in paragraph (2), the head of an executive agency shall initiate a suspension or debarment proceeding against a person after receiving an offer for a contract from such person if—

(A) such offer contains a certification (as required under subsection (a)(1)) that such person has a seriously delinquent tax debt; or

(B) the head of the agency receives information from the Secretary of the Treasury (as authorized under subsection (a)(2)) demonstrating that such a certification submitted by such person is false.

(2) WAIVER.—The head of an executive agency may waive paragraph (1) with respect to a person based upon a written finding of urgent and compelling circumstances significantly affecting the interests of the United States. If the head of an executive agency waives paragraph (1) for a person, the head of the agency shall submit to Congress, within 30 days after the waiver is made, a report containing the rationale for the waiver and relevant information supporting the waiver decision.

(d) RELEASE OF INFORMATION.—The Secretary of the Treasury, in consultation with

the Director of the Office of Management and Budget, shall make available to all executive agencies a standard form for the authorization described in subsection (a).

(e) **REVISION OF REGULATIONS.**—Not later than 270 days after the date of enactment of this subsection, the Federal Acquisition Regulation shall be revised to incorporate the requirements of this section.

**SEC. 4. DISCLOSURE AND EVALUATION OF GRANT APPLICATIONS FROM DELINQUENT FEDERAL DEBTORS.**

(a) **IN GENERAL.**—The head of any executive agency that offers a grant in excess of an amount equal to the simplified acquisition threshold shall require each person applying for a grant to submit with the grant application a form—

(1) certifying that the person does not have a seriously delinquent tax debt; and

(2) authorizing the Secretary of the Treasury to disclose to the head of the executive agency information limited to describing whether the person has a seriously delinquent tax debt.

(b) **IMPACT ON DETERMINATION OF FINANCIAL STABILITY.**—The head of any executive agency, in evaluating any application for a grant offered by the agency, shall consider a certification that the grant applicant has a seriously delinquent tax debt to be definitive proof that the applicant is high-risk and, if the applicant is awarded the grant, shall take appropriate measures under guidelines issued by the Office of Management and Budget for enhanced oversight of high-risk grantees.

(c) **DEBARMENT.**—

(1) **REQUIREMENT.**—Except as provided in paragraph (2), the head of an executive agency shall initiate a suspension or debarment proceeding against a person after receiving a grant application from such person if—

(A) such application contains a certification (as required under subsection (a)(1)) that such person has a seriously delinquent tax debt; or

(B) the head of the agency receives information from the Secretary of the Treasury (as authorized under subsection (a)(2)) demonstrating that such a certification submitted by such person is false.

(2) **WAIVER.**—The head of an executive agency may waive paragraph (1) with respect to a person based upon a written finding of urgent and compelling circumstances significantly affecting the interests of the United States. If the head of an executive agency waives paragraph (1) for a person, the head of the agency shall submit to Congress, within 30 days after the waiver is made, a report containing the rationale for the waiver and relevant information supporting the waiver decision.

(d) **RELEASE OF INFORMATION.**—The Secretary of the Treasury, in consultation with the Director of the Office of Management and Budget, shall make available to all executive agencies a standard form for the authorization described in subsection (a).

(e) **REVISION OF REGULATIONS.**—Not later than 270 days after the date of the enactment of this section, the Director of the Office of Management and Budget shall revise such regulations as necessary to incorporate the requirements of this section.

**SEC. 5. DEFINITIONS AND SPECIAL RULES.**

For purposes of this Act:

(1) **PERSON.**—

(A) **IN GENERAL.**—The term “person” includes—

- (i) an individual;
- (ii) a partnership; and
- (iii) a corporation.

(B) **EXCLUSION.**—The term “person” does not include an individual seeking assistance through a grant entitlement program.

(C) **TREATMENT OF CERTAIN PARTNERSHIPS.**—A partnership shall be treated as a person with a seriously delinquent tax debt if such partnership has a partner who—

- (i) holds an ownership interest of 50 percent or more in that partnership; and
- (ii) has a seriously delinquent tax debt.

(D) **TREATMENT OF CERTAIN CORPORATIONS.**—A corporation shall be treated as a person with a seriously delinquent tax debt if such corporation has an officer or a shareholder who—

- (i) holds 50 percent or more, or a controlling interest that is less than 50 percent, of the outstanding shares of corporate stock in that corporation; and
- (ii) has a seriously delinquent tax debt.

(2) **EXECUTIVE AGENCY.**—The term “executive agency” has the meaning given such term in section 133 of title 41, United States Code.

(3) **SERIOUSLY DELINQUENT TAX DEBT.**—

(A) **IN GENERAL.**—The term “seriously delinquent tax debt” means a Federal tax liability that—

(i) has been assessed by the Secretary of the Treasury under the Internal Revenue Code of 1986, and

(ii) may be collected by the Secretary by levy or by a proceeding in court.

(B) **EXCEPTIONS.**—Such term does not include—

(i) a debt that is being paid in a timely manner pursuant to an agreement under section 6159 or section 7122 of such Code;

(ii) a debt with respect to which a collection due process hearing under section 6330 of such Code, or relief under subsection (a), (b), or (f) of section 6015 of such Code, is requested or pending;

(iii) a debt with respect to which a continuous levy has been issued under section 6331 of such Code (or, in the case of an applicant for employment, a debt with respect to which the applicant agrees to be subject to such a levy); and

(iv) a debt with respect to which such a levy is released under section 6343(a)(1)(D) of such Code.

**SEC. 6. EFFECTIVE DATE.**

This Act shall apply with respect to contracts and grants awarded on or after the date occurring 270 days after the date of the enactment of this Act.

The **SPEAKER** pro tempore. Pursuant to the rule, the gentleman from Utah (Mr. CHAFFETZ) and the gentleman from Maryland (Mr. CUMMINGS) each will control 20 minutes.

The Chair recognizes the gentleman from Utah.

**GENERAL LEAVE**

Mr. CHAFFETZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous materials on the bill under consideration.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. CHAFFETZ. Mr. Speaker, I yield myself such time as I may consume.

I appreciate being here today. We have done this in a good bipartisan way. This is a good, strong bill. This bill has come under a previous Conclude and done quite well.

H.R. 1562 will increase tax compliance by Federal contractors and grant recipients and deny contracts or grants to those with seriously delinquent tax debt.

I am pleased to, again, present this bill to the House with Representative JACKIE SPEIER, like we did in the past. I also appreciate the help of Representative JOHN CARTER in his cosponsorship.

The bill has a long history of bipartisan support, including from then-Senator Obama and President Obama. While he cannot claim that he has commented specifically on this exact bill, this bill before us was something that was originally introduced by then-Senator Obama years ago.

Five years ago, President Obama directed his administration to crack down on tax cheats that are seeking government contracts. The President said:

All across this country, there are people who meet their obligations each and every day. You do your jobs. You support your families. You pay the taxes you owe—because it's a fundamental responsibility of citizenship.

The steps I'm directing today and the steps I'm calling on Congress to take are just basic common sense. They're not going to eliminate all of the waste or abuse in government contracting in one fell swoop. Going forward, we'll also have to do more to hold contractors more accountable not just for paying taxes, but for following other laws as well.

I wholeheartedly and totally agree with the President's approach on this.

On April 15, 2013, the House passed this very similar piece of legislation by a vote of 407–0. Unfortunately, the Senate did not act.

Two years later, we are considering essentially the same bill today with some very minor changes. For example, the definition of “seriously delinquent tax debt” now exempts individuals determined by the IRS to be under economic hardship.

Let me remind my colleagues of what this bill does. H.R. 1562 denies contracts or grants to those with seriously delinquent tax debt. The bill requires contractors and potential grant recipients to certify their tax status when submitting a proposal for a contract or a grant.

If the agency finds the contractor or grantee to have seriously delinquent tax debt, then they would be referred for suspension or debarment and would not be eligible for new awards.

There are exceptions in the bill for those that are trying to do the right thing so they should not be covered under the definition of “seriously delinquent tax debt.”

Such people, including those who are paying their back taxes through debt installment plans or in the process of hearings with the IRS to finalize a determination of their debt or experiencing economic hardship as determined by the IRS, have exceptions.

In 2007, then-Senator Obama introduced legislation to address this contractor accountability issue.

The bill before us today is simple. If contractors and those applying for grants don't pay their taxes, they will not be eligible for lucrative Federal contracts or grants.

At its core, this bill is about contractor and grant recipient accountability with taxpayer dollars. Whether we like it or not, the law requires we pay taxes. We expect the same from contractors and grant recipients.

To give you some perspective on how much money we are talking about, the Federal Government spends about \$1 trillion annually on contracts and grants, \$1 trillion on just contracts and grants.

Most recently, in fiscal year 2014, the Federal Government spent \$444 billion on contracts and \$591 billion on grants. That is a lot of money and demands a lot of tax compliance.

Over the years, the GAO—the Government Accountability Office—has identified thousands of Federal contractors with substantial amounts of unpaid taxes.

Here are a few examples given to us by the GAO. Tens of thousands of recipients of Federal grant and direct assistance programs collectively owed more than \$790 million in Federal taxes as of September 2006.

Approximately 27,000 defense contractors owed about \$3 billion; 33,000 civilian agency contractors owed roughly \$3.3 billion, and 3,800 General Services Administration contractors owed about \$1.4 billion in unpaid taxes. We are talking about roughly \$7.7 billion in uncollected taxes.

At least 3,700 Recovery Act contract and grant recipients owed more than \$750 million in known unpaid Federal taxes while receiving over \$24 billion in Recovery Act funds. We have 3,700 contractors that already owe \$750 million; and what do we do? We gave them \$24 billion in additional contracts.

GAO also found contractors were not paying payroll taxes or owed substantial property or other assets and still—still—didn't pay their taxes.

For example, under a VA-HHS contract for healthcare-related services, a contractor was paid more than \$100,000 in Federal funds. The contractor also had an unpaid tax debt of more than \$18 million. The owner was purchasing multimillion dollar properties and unrelated luxury vehicles while not fully paying its payroll taxes. It goes on and on.

The tax accountability problem has become a potential national security problem. In 2014, the GAO found 83,000 Department of Defense employees and contractors who held or were eligible for security clearances had unpaid Federal tax debt totaling more than \$730 million.

Now, not all contractors are tax cheats; the vast majority do pay their taxes on time and in full. Those who fail to satisfy their tax debt have a cost advantage over those who do pay their taxes.

You are competing for Federal contracts; you are competing for grants. Some pay taxes; some don't. Who do you think is going to give the lowest price and potentially get the next grant or contract? The person who can

undercut them because they don't pay their taxes—it is just not fair.

Further, many fulfill dangerous missions, invest in cutting-edge technology, and provide assistance for the poor and others in need.

Contractors who do not play by the rules should be held accountable.

Unfortunately, despite our past efforts, we haven't been able to get this bill over the finish line. I hope the House will again support this bill, as it did in the year 2013, and that the Senate will finally bring this bill up and pass it as they should. Hopefully, this Congress will be a bit different.

I urge my colleagues to support H.R. 1562.

Mr. Speaker, I reserve the balance of my time.

Mr. CUMMINGS. Mr. Speaker, I yield myself such time as I may consume.

I rise in strong support of H.R. 1562, the Contracting and Tax Accountability Act.

This bill is nearly identical to a bill introduced in the last two Congresses by Chairman CHAFFETZ and is very similar to legislation reported by the Oversight Committee and passed by the House in the 110th Congress. I supported this legislation each time it has been introduced, and I continue to support it today.

The Government Accountability Office has reported that government contractors owed more than \$5 billion in unpaid Federal taxes in 2004 and 2005. Unpaid taxes owed by contractors include payroll taxes—amounts required to be withheld from employee wages—as well as corporate income taxes.

GAO has also found that some contractors with unpaid tax debts are repeat offenders that have failed to pay their taxes over many years, including one case for almost 20 years.

This legislation will allow the Federal Government to make sure that contractors seeking to do business with the Federal Government have paid their taxes before they can receive a Federal contract.

The Federal acquisition regulation was revised in 2008 to require contractors to certify that they do not owe a delinquent tax debt to the Federal Government. This bill builds on that requirement by providing Federal agencies the means to verify contractors' claims.

This legislation will also ensure that responsible contractors no longer have to compete with tax delinquents.

I would just like to reiterate that I fully support the legislation. It is imperative that we ensure that all contractors that are doing business with the government have complied with their tax obligations. I believe this bill does just that.

I urge all of our Members to support the legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. CHAFFETZ. Mr. Speaker, I yield myself such time as I may consume.

I want to reiterate my pleasure in working with both sides of the aisle on

many, many pieces of legislation. We don't always agree, but I think the tone and tenor that is happening in the Oversight and Government Reform Committee is going in the right direction.

We have worked well with our staff. That wouldn't happen without the leadership of the ranking member, Mr. CUMMINGS, and I do appreciate it.

We have voted for this bill unanimously in the past. It is a new Congress with new Members, but I would encourage this passage today.

I believe in the spirit in which the President and previously Senator Obama has urged that Congress act on this issue. It is imperative that we act on this issue today, hopeful, with passage, that we would get the Senate to act as well. We are talking about billions of dollars of taxpayer money. It is the fair and right thing to do. I urge the passage of this bill.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Utah (Mr. CHAFFETZ) that the House suspend the rules and pass the bill, H.R. 1562.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the yeas have it.

Mr. CHAFFETZ. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

#### FEDERAL EMPLOYEE TAX ACCOUNTABILITY ACT OF 2015

Mr. CHAFFETZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1563) to amend title 5, United States Code, to provide that individuals having seriously delinquent tax debts shall be ineligible for Federal employment, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1563

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Employee Tax Accountability Act of 2015".

#### SEC. 2. INELIGIBILITY OF NONCOMPLIANT TAXPAYERS FOR FEDERAL EMPLOYMENT.

(a) IN GENERAL.—Chapter 73 of title 5, United States Code, is amended by adding at the end the following:

"SUBCHAPTER VIII—INELIGIBILITY OF NONCOMPLIANT TAXPAYERS FOR FEDERAL EMPLOYMENT

#### "§ 7381. Definitions

"For purposes of this subchapter—

"(1) The term 'seriously delinquent tax debt' means a Federal tax liability that has been assessed by the Secretary of the Treasury under the Internal Revenue Code of 1986 and may be collected by the Secretary by